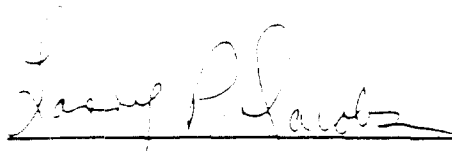


recommended that the company take certain steps to reduce the cost of its cellular service. Among these steps the report recommended that Dow Chemical reduce the total number of carriers from whom it purchases cellular service to less than a dozen and seek the provision of service on a nationwide or regional basis. It also recommended that all cellular long distance calls be carried by MCI and AT&T under, respectively, the terms of our V-Net and SDN Contracts.

10. As a result of the Task Force's report, Dow Chemical issued, within the last few weeks, an RFP for the provision of cellular services. One of the requirements contained in the RFP is that the Dow Chemical's cellular long distance traffic must be carried by either MCI or AT&T, pursuant to our V-Net Contract with MCI or our SDN Contract with AT&T

11. Based on the facts described above Dow Chemical believes that when cellular service providers offer Dow Chemical the option to select the carrier from whom the company purchases long distance cellular service, Dow Chemical benefits in the form of lower cellular long distance prices.

  
Larry Jacobs

Sworn to and subscribed before me  
this 22nd day of July 1994.

  
Notary ~~Rep~~ Public

JANET L. MERRITT  
Notary Public, Midland County, MI  
My Commission Expires 8-18-96

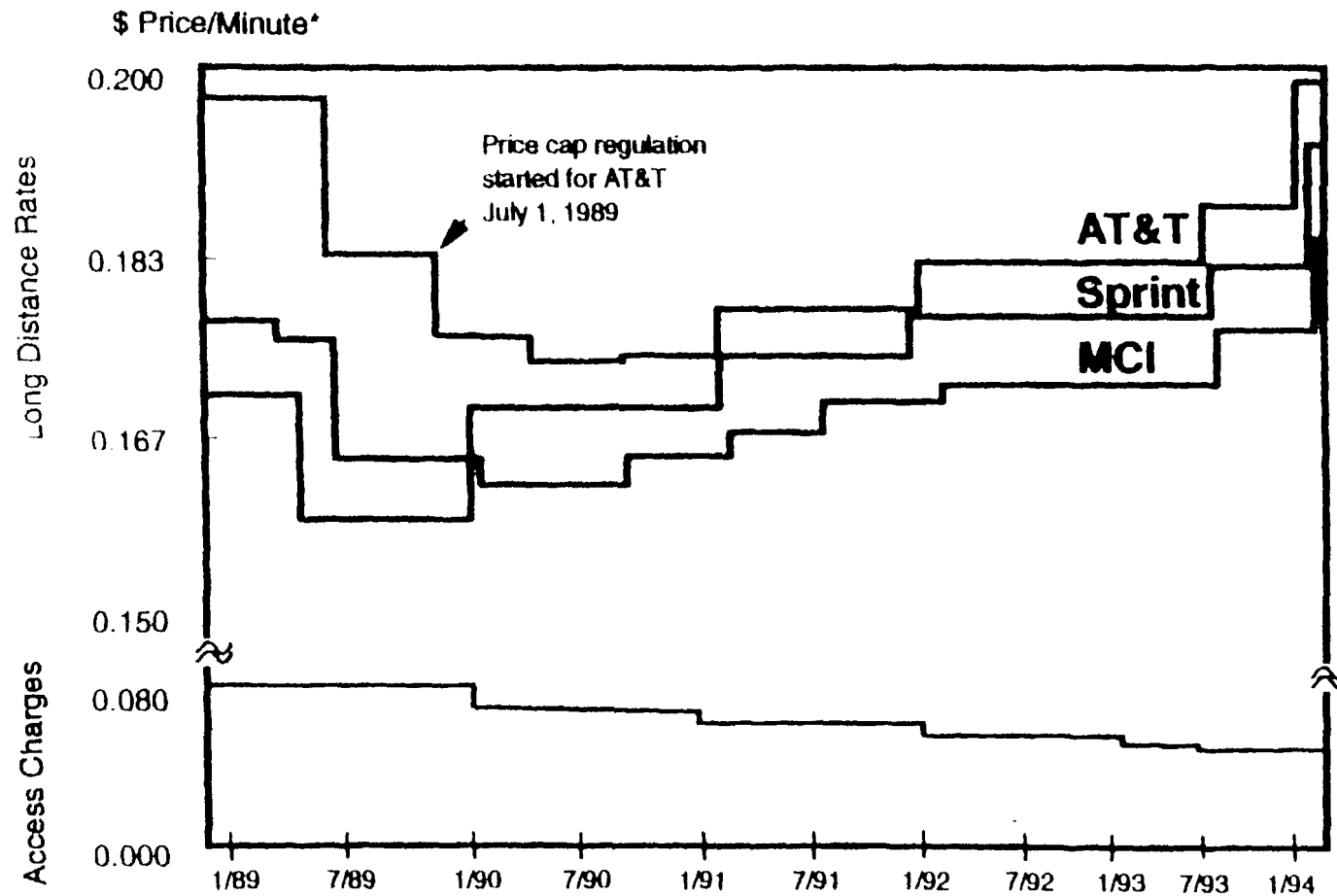
## IXC'S HAVE SETTLED INTO A NON-COMPETITIVE OLIGOPOLY

[See Attached Graph]

"MCI and Sprint expect to show disappointing fourth quarters, following major gains by AT&T's new True Savings plan for consumers that has won more than one million converts. The battle plans by AT&T's rivals indicate that the long-distance wars will escalate this year as each company seeks to differentiate what are increasingly looking like me-too commodity services and lock-step rate setting by the nation's Big Three carriers."

"MCI and Sprint Unveil Deep Discounts, New Services in Fresh Fight with AT&T", Wall Street Journal, January 6, 1995."

## Trends in Long Distance Rates and Exchange Access Charges



\*Long distance rates based on the average price per minute for basic service.

**WIRELESS CARRIERS COULD PASS ON SIGNIFICANT  
SAVINGS TO THEIR CUSTOMERS**

- **SBMS calculated the number of minutes of cellular originated long distance use during the busy hour between Dallas and Oklahoma City in September of 1993.**
- **SBMS could carry all of that traffic over a single DS-1 facility which could be leased for \$3,200 per month flat rate.**
- **Those same minutes of use at AT&T's then current retail rates would generate revenues of \$30,440.00.**

**EQUAL ACCESS PREVENTS THESE TYPES OF SAVINGS FROM BEING  
PASSED ON TO THE CONSUMERS AND SUPPORTS  
EXCESSIVE INTEREXCHANGE CHARGES TO WIRELESS CUSTOMERS.**

EQUAL ACCESS IS **ANTICOMPETITIVE**  
IN A FULLY COMPETITIVE WIRELESS MARKET

- Interexchange carriers are becoming wireless providers.
  - AT&T's acquisition of McCaw.
  - At the close of PCS bidding on Thursday, January 6, 1995:
    - . AT&T was the high bidder in 15 PCS markets.
    - . Sprint's PCS consortium was the high bidder in 19 markets.
- With equal access imposed on wireless carriers, interexchange carriers will have access to name, address, telephone number and the usage patterns of the customers of their wireless competitors.
- [See attached Auction Result chart.]

BROADBAND PCS AUCTION RESULTS  
THROUGH ROUND 26  
JANUARY 6, 1995

	SBC	Craig McCaw	AT&T	WirelessCo	PCS PrimeCo	GTE
	Memphis B	New York B	Charlotte A	San Francisco A	Chicago A	Chicago B
	Little Rock B	Minneapolis B	Boston A	Detroit B	Tampa B	Detroit A
	Omaha B	Spokane B	Philadelphia B	Dallas A	Houston B	Washington B
	Tulsa B	Alaska A	Atlanta A	Tampa A	Miami B	Minneapolis A
			Cincinnati B	Houston A	St. Louis B	Cincinnati A
			Milwaukee B	Miami A	Milwaukee A	St. Louis A
			Puerto Rico A	Pittsburgh A	Richmond B	Denver B
			Louisville B	Denver A	Puerto Rico B	Kansas City B
			Birmingham A	Seattle A	Birmingham B	Salt Lake B
			Buffalo A	Louisville A	San Antonio B	
			Columbus A	Phoenix A	Honolulu A	
			El Paso B	Portland A		
			Nashville B	Indianapolis A		
			Knoxville A	Des Moines A		
			Wichita A	Kansas City A		
			Honolulu B	Little Rock A		
				OK City A		
				Nashville A		
				Tulsa A		
Pops	8,272,562	34,810,014	64,738,684	84,988,585	51,829,161	54,582,527
\$	23,396,511	288,899,700	259,958,671	401,763,873	275,726,673	220,060,347
S/Pop	2.83	8.30	4.02	4.73	5.32	4.03

- **This information, available only to interexchange carriers, can be used for target marketing to the wireless competitors of the interexchange carriers.**

- **The chart on the following pages shows the number of customers needed to generate one million dollars in monthly cellular revenue based on the usage patterns of those customers.**
- **With usage information generated by the interexchange carrier, that interexchange carrier could identify the high usage customers of their wireless competitors and inflict serious competitive harm by making special pricing proposals to those high end users.**
- **This information would only be available to the interexchange carriers as a result of equal access obligations imposed on the wireless carriers.**



# Southwestern Bell Mobile Systems

Customers Required To Generate \$1,000,000 Of Revenue

